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Message Text

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ACTION STR-07

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E.O. 11652: N/A
TAGS: MTN, ETRD
SUBJECT: MTN SUBGROUP MEAT MEETING, JUNE 26 - 28

1. MTN SUBGROUP MEAT MET JUNE 26 - 28 TO REVIEW LATEST REVISION (MTN/ME/W/24/REV. 4) OF PROPOSED ARRANGEMENT CONCERNING BOVINE MEAT. WITH ONLY 3 WEEKS REMAINING BEFORE END OF MTN CHAIRMAN LUCQ URGED PARTICIPANTS TO BRING THE DRAFT AGREEMENT AS CLOSE TO COMPLETION AS POSSIBLE.

2. DISCUSSION OF PREAMBLE AND ARTICLE I (OBJECTIVES) RESULTED IN REVISION OF TEXT WHICH MOST DELEGATES CAN NOW ACCEPT. A NUMBER OF PARTICIPANTS FELT THESE SECTIONS, AND PARTICULARLY PREAMBLE, RELATIVELY UNIMPORTANT AND THUS WILLING TO MOVE ON QUICKLY TO OTHER ARTICLES.
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IN AN EFFORT TO REDUCE VERBAGE AND AVOID REDUNDANCY PARAGRAPHS 8 THROUGH 11 OF ARTICLE I (OBJECTIVES) WERE CONDENSED, ELIMINATING REFERENCE TO CONSULTATION REGARDING "SUCH REPRESENTATIONS AS MAY BE MADE BY PARTICIPANTS", PROVIDING INSTEAD FOR CONSULTATION AND EVALUATION OF WORLD S&D SITUATION.

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3. A GOOD DEAL OF CONTROVERSY AROSE BECAUSE OF U.S. RESERVE ON INCLUSION OF LIVE CATTLE AND OFFALS UNDER PRODUCT COVERAGE. OTHER DELEGATIONS ACCUSED U.S. OF HOLDING UP AGREEMENT BECAUSE OF ITS REFUSAL TO INCORPORATE THESE PRODUCTS IN MEAT ARRANGEMENT. EC DEL (JACQUOT) INDICATED SOME UNDERSTANDING OF U.S. RESERVATION ON OFFALS BUT ASKED WHY U.S. DID NOT FAVOR LIBERALIZATION OF LIVE CATTLE TRADE. US DEL (HARVEY) RESPONDED THAT WE FAVOR LIBERALIZATION OF TRADE BUT QUESTIONED WHETHER THESE ITEMS SHOULD BE PART OF ENTIRE AGREEMENT. AS RESULT OF FOREGOING LITTLE IF ANY DISCUSSION ENSUED ON ARTICLE II (PRODUCT COVERAGE).

4. WITH REGARD TO ARTICLE IV (COOPERATION) DELEGATES AGREED THAT MEAT COUNCIL SHOULD PROCEED ON BASIS OF CONSENSUS DEFINED AS NO ACTIVE DISSENT BY ANY PARTICIPANT TO THE AGREEMENT. AUSTRALIAN DEL (MOORE-WILTON) PROPOSED MAJOR REVISION OF ARTICLE IV BECAUSE HE FELT DELEGATES COULD NOT AGREE ON INITIAL DRAFT THAT INCLUDES ADJUSTMENT OF NATIONAL POLICIES AS A PARTIAL SOLUTION TO PROBLEMS OF MARKET IMBALANCE. AUSTRALIA ARGUED THAT FAILURE TO INCORPORATE SUCH LANGUAGE IN THE AGREEMENT WOULD MEAN A CONTINUATION OF THE STATUS QUO WHICH PLACES THE BURDEN OF MARKET IMBALANCE SOLELY ON EXPORTERS. THE AUSTRALIAN PROPOSAL WOULD RESULT IN ARTICLE IV BECOMING AUTHORIZATION ONLY FOR WORLD SUPPLY AND DEMAND EVALUATION BASED ON LIMITED OFFICIAL USE

DATA SUPPLIED BY PARTICIPATING COUNTRIES. AUSTRALIAN DRAFT ANNEXED AS ALTERNATIVE ARTICLE IV. US DEL (KOENIG) POINTED OUT THAT ORIGINAL LANGUAGE WAS POTENTIALLY PROVOCATIVE AND IN ANY CASE UNNECESSARILY REPETITIVE SINCE UNILATERAL MEASURES MENTIONED EARLIER IN SAME PARAGRAPH DO IMPLY ADJUSTMENTS OF NATIONAL POLICIES. SEEKING A COMPROMISE ON THIS ISSUE THE EC PROPOSED AN AMENDMENT WHICH WOULD SUGGEST THAT MEASURES AFFECTING TRADE COULD BE QUOTE REFLECTED IN THE MANAGEMENT OF POLICIES END QUOTE. THIS AMENDMENT WAS ADOPTED, WITH AUSTRALIAN RESERVATION.

5. ARTICLE V (GENERAL PROVISIONS): DISCUSSION CENTERED AROUND NEW ARGENTINE PROPOSAL CONCERNING SAFEGUARDS, SUBSIDIES, AND HEALTH AND VETERINARY MEASURES. THE ARGENTINE PROPOSAL USES SAME LANGUAGE THEY INTRODUCED IN THE DAIRY SUBGROUP (MTN/DP/W/38). CONCERN REITERATED BY A NUMBER OF DELEGATES (INCLUDING U.S.) THAT DISCUSSION OF THESE ISSUES IN MEAT FRAMEWORK AGREEMENT COULD PREJUDICE WORK ON STANDARDS, SUBSIDIES AND SAFEGUARDS CODE. ARGENTINE DEL JUSTIFIED THEIR PROPOSAL ON THE GROUNDS THAT RESULTS OF WORK ON CODES EITHER MIGHT NOT BE IMMEDIATELY FORTH-

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COMING OR COULD POSSIBLY HAVE NO APPLICABILITY TO ISSUES
IN AGRICULTURAL TRADE.

6. HEALTH AND VETERINARY MEASURES: U.S. DEL AGREED TO
FIRST PARAGRAPH OF ARGENTINE PROPOSAL WITH STIPULATION
THAT IT CONFORM TO LANGUAGE OF GATT ARTICLE XX BUT PRO-
POSED THAT REST OF SECTION WHICH REQUIRES NOTIFICATION
TO, AND RECOMMENDATION BY, COUNCIL AS WELL AS DISPUTE
SETTLEMENT, BE ELIMINATED. AUSTRALIA AND NEW ZEALAND
RESERVED POSITION PENDING OUTCOME OF STANDARDS CODE.
CHARACTERIZING THEIR POSITION AS ONE BETWEEN U.S. AND
ARGENTINE QUOTE EXTREMES END QUOTE EC DEL PROPOSED NEW
DRAFT TEXT ON HEALTH AND VETERINARY MEASURES (SEPTEL).
NO DISCUSSION OF EC DRAFT TOOK PLACE.
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7. SAFEGUARDS: DISCUSSION RELATIVELY BRIEF WITH ARGEN-

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TINA REPEATING FORMER ARGUMENTS THAT ITS PROPOSAL DID NOT DETRACT FROM EITHER GATT ARTICLE XIX OR WORK OF SAFE-GUARDS GROUP. THEIR PROPOSAL TAILORED TO UNIQUE PROBLEM OF MEAT TRADE, THEY SAID. OTHER DELEGATIONS EXPRESSED CONCERN THAT ARGENTINE DRAFT, WHICH IN PART REQUIRES NOTIFICATION TO MEAT COUNCIL OF FACTS RESULTING IN INJURY, MIGHT DETRACT FROM AUTHORITY OF GATT ARTICLE XIX. EC AGAIN SUBMITTED ALTERNATIVE LANGUAGE ENTITLED QUOTE EMERGENCY ACTION ON IMPORTS UNQUOTE IN EFFORT TO DEFUSE CHARGE THAT MEAT SUBGROUP ATTEMPTING TO DUPLICATE GATT SAFEGUARD PROVISION.

8. NEGOTIATION: MOST DELEGATES AGAIN QUESTIONED AUSTRA-LIA (ORIGINATOR OF PROPOSAL) ON NEED FOR THIS PROVISION. AUSTRALIAN DEL REPEATED PREVIOUS STATEMENTS MADE EARLIER IN THE DAY THAT GIVEN ANODYNE CHARACTER OF AGREEMENT AUSTRALIA FELT NEED FOR PROVISION THAT WOULD ALLOW FOR LIMITED OFFICIAL USE

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CONTINUATION OF QUOTE DISCUSSION END QUOTE BEYOND MTN.

9. SUBSIDIES: LITTLE OF SUBSTANCE DISCUSSED WITH RE-GARD TO THIS PROVISION. ON FINAL DAY AUSTRALIA SUBMITTED NEW DRAFT ON SUBSIDIES FOR INCLUSION IN MEAT ARRANGEMENT. NO DISCUSSION OF AUSTRALIAN DRAFT TOOK PLACE.

10. DISPUTE SETTLEMENT: DELEGATES EXPRESSED CONCERN THAT GATT MEMBER COUNTRIES' RIGHTS AND OBLIGATIONS COULD BE IMPAIRED IF THIS PROVISION ADOPTED. U.S. DEL CAUTIONED THAT DECISIONS TAKEN WITH REGARD TO DISPUTE SETTLEMENT IN COUNCIL MIGHT PREJUDICE GATT ARTICLE XXII CONSULTA-TIONS AND ACTION UNDER ARTICLE XXIII. U.S. AND OTHERS ALSO QUESTIONED NEED FOR REPETITION OF ARTICLE XXII PROVISIONS IN MEAT ARRANGEMENT. CHAIR TOLD DELEGATES THAT GATT LAWYERS WERE OF OPINION THAT NOTWITHSTANDING ARTICLE VIII, PARAGRAPH 4, "THAT NOTHING IN ARRANGEMENT WOULD AFFECT GATT RIGHTS AND OBLIGATIONS". SIGNATORIES TO AGREE-MENT WOULD BE TAKING ADDITIONAL OBLIGATIONS BEYOND GATT AS A RESULT OF WHICH GATT RIGHTS COULD BE AFFECTED. IF GATT MEMBERS SOUGHT TO PRESERVE RIGHT TO SEEK ARTICLE XXII CONSULTATIONS IMMEDIATELY (I.E. CONCURRENTLY WITH CONSULTATION IN FRAMEWORK OF MEAT COUNCIL), THIS RIGHT MUST BE STATED IN EXPLICIT TERMS SOME PLACE IN THE AGREE-MENT. DISCUSSIONS CONCLUDED WITH SUGGESTION BY U.S. DEL THAT PROVISION BE RECONSIDERED IN LIGHT OF ECONOMIC PRO-VISIONS, IF ANY, IN THIS ARRANGEMENT.

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11. ARTICLE VI AND VIBIS (CONCERTED DISCIPLINES): NO DISCUSSION OF THIS SECTION IN LIGHT OF AUSTRALIAN SUBMISSION OF ALTERNATIVE LANGUAGE WHICH IS ALSO ENTITLED JOINT DISCIPLINES. AUSTRALIA CHARACTERIZED ITS PROPOSAL AS GOING BEYOND CURRENT DRAFT ARTICLE VI IN THAT IT CALLS
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FOR JOINT EFFORTS ON PART OF BOTH IMPORTERS AND EXPORTERS; I.E. MINIMUM ACCESS COMMITMENTS AND EXPORT SUBSIDY DISCIPLINE. U.S. DEL AND OTHERS RESERVED JUDGMENT ON AUSTRALIAN DRAFT PENDING FURTHER REVIEW. IN RESPONSE TO QUESTIONS REGARDING DRAFT, AUSTRALIA SAID REGULAR AND ORDERLY IMPLIED STABLE AND SMOOTH FLOW OF TRADE.

12. ARTICLE VII (ADMINISTRATION OF THE ARRANGEMENT): LITTLE DISCUSSION OCCURRED ON THIS SECTION. ADDITIONAL PARAGRAPHS WERE ADDED TO CONFORM TO LANGUAGE ALREADY INCORPORATED IN DAIRY AGREEMENT: DECISION PROCESS, COOPERATION WITH OTHER ORGANIZATIONS, AND ADMISSION OF OBSERVERS.

13. SECRETARIAT DISTRIBUTED REVISION OF ARTICLE VIII (FINAL PROVISIONS) BASED ON REVISIONS FOUND IN REV. 5 OF DAIRY PAPER (MTN/DP/W/27) EXCLUDING SUBPARA (B) OF THE PARAGRAPH ON WITHDRAWAL - I.E. THE RIGHT TO WITHDRAW SUBSTANTIALLY EQUIVALENT CONCESSIONS FROM A WITHDRAWING PARTICIPANT. LEGAL QUESTION OF ENTRY INTO FORCE (PARA 2) WAS DISCUSSED. GATT LAWYER SAID THAT SIGNATURE OF FINAL ACT AUTHENTICATED TEXT, WHILE SIGNATURE OF MEAT ARRANGEMENT AFTER NATIONAL RATIFICATION PROCESS WOULD BRING IT INTO FORCE, PROVIDED THAT GOVERNMENTS TO BE NAMED HAD SIGNED THE ARRANGEMENT BY A CERTAIN, AS YET UNSPECIFIED, DATE. ON THE QUESTION OF VALIDITY (PARA 3) JAPANESE CALLED WITHOUT MUCH SUPPORT FOR ARRANGEMENT OF SPECIFIED DURATION. THE AMENDMENT PROVISION (PARA 4) IS STILL COMPLETELY UNDECIDED, WITH GATT LAWYERS STATING CURRENT DRAFT ("THE PROVISIONS OF THIS ARRANGEMENT MAY BE AMENDED BY THE COUNCIL ESTABLISHED IN TERMS OF ARTICLE VII:I", I.E. BY CONSENSUS) IS INADEQUATE, AS AMENDMENT PROCESS MUST BE SYMMETRICAL WITH ACCEPTANCE (OR RATIFICATION) PROCESS FOR EACH SIGNATORY. GATT LAWYER ALSO SAID CONCESSIONS LISTED IN ANNEX TO ARRANGEMENT WERE NOT EQUIVALENT TO PROVISIONS OF ARRANGEMENT AND THEREFORE NOT SUB-
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JECT TO AMENDMENT PROCEDURE BUT TO REGULAR GATT PROCE-

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DURES ON IMPAIRMENT, NULLIFICATION OR WITHDRAWAL. U.S.
STATED WE COULD ONLY ACCEPT AGREEMENT IN WHICH "RESULTS"
OF NEGOTIATIONS WERE LISTED IN ANNEX SOLELY FOR INFORMA-

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TION PURPOSES AND GATT STATUS WOULD BE CONFERRED ON ANY
CONCESSION ONLY THROUGH APPEARANCE IN THE GATT SCHEDULES.
THE ISSUE OF THE RELATIONSHIP BETWEEN THE ARRANGEMENT
AND THE GATT REMAINS CONTROVERSIAL: THE U.S. INDICATED
IT WOULD NOT ACCEPT ARRANGEMENT THAT DID NOT CONTAIN
STATEMENT THAT NOTHING IN IT "SHALL AFFECT THE RIGHTS
AND OBLIGATIONS OF PARTICIPANTS UNDER THE GATT", WHILE
SOME OTHER COUNTRIES AND GATT SECRETARIAT FELT THIS
STATEMENT WOULD BE INACCURATE SINCE SIGNATORIES ARE LIKELY
TO BE ACCEPTING MORE OBLIGATIONS THAN UNDER THE GATT.
ALSO AT ISSUE IS WHETHER THE TRADE RELATIONS AMONG NON-
GATT-MEMBER PARTICIPANTS WILL BE BASED ON THE GATT FOR
PRODUCTS COVERED IN THE ARRANGEMENT (SEE PARA 5C). U.S.
AND AUSTRALIA INDICATED THEY DIDN'T THINK THIS WAS POS-
SIBLE WHILE GATT SECRETARIAT SEEMED TO THINK STATEMENT TO
THAT EFFECT IN THE FINAL PROVISIONS WOULD INSTITUTIONALIZE

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TRADE.

14. U.S. IN CONCLUDING STATEMENT MADE STRONG CASE AGAINST CREATING A MINI-GATT FOR BEEF. WE REITERATED WE MIGHT, SUBJECT TO THE FINAL BALANCE STRUCK IN THE MTN, DESPITE MISGIVINGS ABOUT COMMODITY AGREEMENTS, SUPPORT AN ARRANGEMENT FOR COOPERATION AND CONSULTATION, WHICH AT THE SAME TIME RECOGNIZED THE POLITICAL, LEGAL AND INSTITUTIONAL REALITIES IN U.S. STATEMENT ALSO RESPONDED TO AUSTRALIAN REMARK THAT THEY HAVE MISERABLE ACCESS TO U.S. MARKET, BY INFORMING THEM WE WOULD BE GLAD TO RELIEVE THEM OF THEIR MISERY, IF THEY SO WISH.

15. DRAFTED BY USDEL. MCDONALD

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